



## Exploring the Outflow of FDI from the Developing Economies: Selected Case Studies

Muchie, Mammo; Baskaran, Angathevar ; Liu, Ju

*Publication date:*  
2011

*Document Version*  
Publisher's PDF, also known as Version of record

[Link to publication from Aalborg University](#)

*Citation for published version (APA):*  
Muchie, M., Baskaran, A., & Liu, J. (2011). *Exploring the Outflow of FDI from the Developing Economies: Selected Case Studies*. Institut for Kultur og Globale Studier, Aalborg Universitet. Development Research Series No. 149


### General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal -

### Take down policy

If you believe that this document breaches copyright please contact us at [vbn@aub.aau.dk](mailto:vbn@aub.aau.dk) providing details, and we will remove access to the work immediately and investigate your claim.



**Research Center on Development and International Relations**

**DIR**  
Research Center on  
Development and  
International Relations

Aalborg University  
Fibigerstraede 2  
DK-9220 Aalborg East

Phone: +45 9940 8426  
Fax: +45 9635 0044

Mail: [xing@cgs.aau.dk](mailto:xing@cgs.aau.dk)

**Exploring the Outflow of FDI  
from the Developing  
Economies: Selected Case  
Studies**

**Angathevar Baskaran, Ju Liu  
and Mammo Muchie**

**DIR RESEARCH SERIES**

**WORKING PAPER NO. 149**

ISSN: 0904-8154

© 2011 **Angathevar Baskaran, Ju Liu and Mammo Muchie**  
Exploring the Outflow of FDI from the Developing Economies: Selected Case Studies

Working Paper No. 149

ISSN 0904-8154 (print)

*Published by*

DIR & Department of Culture and Global Studies  
Aalborg University

*Distribution*

Download as PDF on  
<http://dir.cgs.aau.dk>

*Frontpage design, layout and proof reading*  
Cirkeline Kappel & Malin Bisander

*The Secretariat*

Research Center on Development and International Relations  
Kroghstraede 3, room 3.248  
Aalborg University  
DK-9220 Aalborg East  
Denmark  
Tel. + 45 9940 8310

E-mail: [kappel@cgs.aau.dk](mailto:kappel@cgs.aau.dk)

Homepage: <http://dir.cgs.aau.dk>

# Exploring the Outflow of FDI from the Developing Economies: Selected Case Studies

Angathevar Baskaran<sup>1</sup>, Ju Liu<sup>2</sup>, and Mammo Muchie<sup>3</sup>

## Abstract

A new trend has emerged in the flow of foreign direct investment (FDI) in recent times. FDI from the emerging and developing economies such as China, India, South Africa and Brazil is flowing to both developed and developing economies. There is more flexibility of movement of capital and knowledge which does not conform to hitherto held assumptions that FDI flows in a particular pattern, that is, largely from the developed economies to the developing economies. This new trend needs to be captured both empirically and conceptually. We explore the factors driving this outward flow of FDI from developing economies and the shape and nature of this flow. For this, we employ case studies of companies from China, India and South Africa. The results show that the main motivating factors behind OFDI are: to emerge as a global player/ leader or regional player; to achieve international competitiveness through gaining new markets in the developing world (regional markets) and increasing existing share or gaining access to developed countries (global market); to gain access to new R&D/ technological capabilities; to move up the value chain in terms of technological complexity; and (ii) to ensure raw material security in the long term (in the case of companies in natural resources sectors). All these factors are evident in the new trend of OFDI from the emerging or transition economies to the rest of the world.

**Keywords:** Outward Foreign Direct Investment; OFDI, Emerging economies; Developing economies; China; India; South Africa

---

<sup>1</sup> Middlesex University Business School, London, UK. *Email:* a.t.baskaran@mdx.ac.uk (Corresponding Author).

<sup>2</sup> School of Economics and Management, University of Electronic Science and Technology of China, Chengdu, China. *Email:* liuju@uestc.edu.cn

<sup>3</sup> IERI, Tshwane University of Technology, Pretoria, South Africa, and Professor and coordinator of DIIPER at Aalborg University in Denmark. *Email:* mammo@cgs.aau.dk

## **1. Introduction**

Historically, developed countries had been the source of foreign direct investment (FDI) and developing countries were recipients. Therefore, traditionally, the literature on FDI has mainly focused on the outward flow from the developed economies to either other developed economies or developing and transitional economies. Until recent years, only a small number of studies (Lecraw, 1977; Lall 1983; Wells 1983; Agarwal, 1985; Tolentini, 1993; Cai, 1999; Yeung, 2000; Chudnovsky and Lopez, 2000; and Andreff, 2003) were found to have focused on outward foreign direct investment (OFDI) from developing and transitional economies. Since mid-1990s, due to changes in global economy, rapid growth and accumulation of high level of foreign exchange in a number of developing economies, and the emergence of globally competitive TNCs in these countries with capacity to invest in overseas assets, the OFDI from these countries have grown significantly. This is clearly evident from the developments in Asia which transformed to net capital exporter since the Asian crisis of 1997-98 (Kumar, 2010). Because of this, there has been significant number of studies, since 2005 particularly, focusing on OFDI from developing economies. What is interesting is that the OFDI flow from these countries have not only targeted other developing economies but also the developed economies.

Traditional FDI literature focus on different aspects such as factors that determine FDI flow, different levels of FDI flow to different countries, the link between FDI and international production, trade and technology development impact of FDI on economic growth, FDI's linkages to foreign trade, its contribution to technology diffusion and human capital formation in the local economy, and its social and environmental impacts on host countries (e.g. OECD, 2002; Wei, 2005; Chakraborty and Basu, 2002; Rajan, 2005). The literature on OFDI from the developing countries suggests that the factors behind FDI by TNCs in these countries are largely same as the case of TNCs in the developed economies. These include: competition pressures due to globalization, need for gaining access to natural resources, markets, skills, technology, and brand names. Further, the factors such as regional integration through trade and investment agreements, trade and financial liberalization, limited market size and resource base of the home economy also appear to have encouraged TNCs in some of these countries to invest abroad.

TNCs from developing countries are increasingly undertaking investments through merger and acquisitions rather than Greenfield projects. Also, most of South-South FDI flows are regional. For example, nearly two-thirds of FDI flow to China comes from Hong Kong, Singapore, and Taiwan; Most TNCs from Latin America operate largely within that region; FDI from TNCs in Russia are mainly in the former Soviet regions; and investment from the TNCs in South Africa are mainly found to be in Southern Africa region. The majority of South-South FDI flows are concentrated in the infrastructure and extractive sectors such as oil and gas, mainly from state-owned corporations. For example, state-owned oil TNCs from China and India have been investing heavily in Sub-Saharan Africa, Central Asia, and Latin America (Singh, 2007).

Although both the number of TNCs and their OFDI have been growing over the years, there are significant differences across the regions/ continents. This is clear from the statistics related to the top 100 non-financial TNCs from the developing and transition economies, ranked in terms of foreign assets. Of these 100 TNCs, 72 are based in Asia, 9 each in Africa (i.e. 8 in South Africa and 1 in Egypt) and Latin America (i.e. 4 in Mexico, 3 in Brazil, 1 each in Argentina and Venezuela), 8 in Russian Federation and 2 in Turkey (UNCTAD database, 2010). Among the Asian countries 16 TNCs are based in Hong Kong, 13 each in China and Taiwan, 7 in Singapore, 6 in Malaysia, 5 each in India and Korea, 3 in Kuwait, 1 each in Thailand, Philippines, Qatar, and United Arab Emirates. What is interesting is that countries that receive high inflow of FDI such as China, Brazil, India, South Africa, and Mexico also appear to be seeing significant increase in FDI outflow.

TNCs from the developing/ transitional economies now appear to be looking for strategic presence in both developed and developing economies. We explore the factors driving this outward flow of FDI from developing economies and the shape and nature of this flow. In addition, we will examine whether the FDI itself is changing because of this new trend and in what way this is taking place in reality. For this, we examine six cases of TNCs (two each China, India and South Africa) by employing descriptive data gathered from secondary sources including TNCs' websites, annual financial reports, press releases and other sources.

As our study involves only six cases, it constrains us from making bold generalizations for policy suggestions or for theory building. Despite this limitation, the contribution of our paper can be seen in two areas. First, the empirical evidence from six case studies on OFDI from TNCs located in China,

India and South Africa will further enrich the empirical literature /appreciative theory in this area. Second, our paper also contributes towards methodological richness with its comparative case study of six TNCs from three emerging economies – China, India and South Africa. That is, CNPC and ZTE from China; Tata Steel and Hindalco Industries from India; MTN Group Limited and Sasol Limited from South Africa.

The rest of the paper is structured as following. Section 2 provides literature review and sets out an analytical framework. Section 3 provides discussion on six case studies. Section 4 compares and analyse the data from the six cases studies. Section 5 presents our conclusions and implications for policy.

## **2. Literature Review**

The literature on OFDI from the developing and transition economies can be categorised as region specific, general focus on developing countries or emerging economies such as BRICS, country specific, and comparative studies across countries and regions. For example, Banga (2007) attempted to show the nature of outward FDI from Asia using panel data from 13 developing countries. ECLAC (2005) discussed the emergence of TNCs in Latin America and their growing investment in the region. Gammeltoft (2008) traced the growth of OFDI from TNCs in Brazil, Russia, India, China and South Africa (BRICS); and Holtbrugge and Kreppel (2008) explored the determinants of OFDI from BRIC economies. Hiratsuka (2006) analysed how TNCs in ASEAN have extended their business activities within ASEAN and East Asia region and also globally. Gao (2005) analysed the distinctive features of FDI from developing countries and found that Asian TNCs tend to invest in low income economies and in countries nearby. Kayam (2009, 2009a) studied the home country factors that determined the OFDI from 65 countries developing and transition countries and found that the outward FDI from these countries increased when foreign competition in the domestic market has grown with inward FDI flow. Page and William te Velde (2004) examined Intra-Africa OFDI and OFDI to outside the region using qualitative approach. A study by Masso *et al.* (2007) in Estonia has shown that OFDI had a positive impact on home-country employment growth.

Studies that focus on OFDI from particular developing country such as China, India, Brazil, Malaysia, and South Africa have been growing in the last ten years. For example, there has been increasing number of studies focused on China (e.g. Yang, 2003; Zhao, 2008; Cheng and Ma, 2007; Kolstad and Wiig,

2009; Morck *et al.*, 2007; Wu *et al.*, 2009; Cheng and Stough, no date; Voss *et al.*, 2008; Kiggundu, 2008); India (e.g. Pradhan and Singh, 2008; Rajan, 2009; Athukorala, 2009; Singh and Jain, 2009); South Africa (e.g. Page and William te Velde, 2004; UNCTAD, 2005; Draper *et al.*, 2010); and other developing and newly industrialised countries such as Singapore, Thailand and Malaysia (Ellingsen *et al.*, 2005; Wee, 2007; Ariff and Lopez, n.d).

There have been some comparative studies. For example, Kumar and Chadha (2009) examines the case of the steel industry in China and India focusing on major acquisitions of foreign MNEs by them to identify the sources of ownership advantages and strategies of outward investments. However, there are few studies focused on comparative case studies across different developing countries. This study attempts to contribute to this gap in OFDI literature by comparing two cases each from China, India and South Africa.

### **3. Research Methodology**

We use phenomenology research approach which emphasises on qualitative interpretations rather than quantified measurements and the case study method to understand how OFDI from TNCs in selected countries have shaped and grown over the period of 1999 to 2009. Cross-case study is conducted because conclusions deduced from cross-case study are considered to be more convincing than those from single-case study (Herriott and Firestone, 1983). Case comparison approach is chosen because it is more suitable than case-survey approach in cross-case study. The case-survey approach is not the most desirable because it only can be used in highly selective situations, where, for instance, a critical factor or two appear to be of enormous importance (Yin, 1981, 1994). But, the extraction of single factor from a case study may unduly simplify the phenomenon being studied. In our research we cannot employ case-survey approach, as the number of factors worthy of examination is too large. Therefore, the case-comparison approach is likely to prove more fruitful for cross-case analysis (Yin, 1981).

### **4. Case Studies**

We selected 6 cases (2 TNCs each from China, India and South Africa) from the top 100 TNCs ranked by their foreign assets to undertake this study. We selected CNPC and ZTE from China; Tata Steel and Hindalco Industries from India; MTN Group Limited and Sasol Limited from South Africa.



<b>Table 1: Selected Case TNCs - Ranked by Foreign Assets, 2008 (US\$ million and No. of employees)</b>										
<b>Ranking - Foreign Assets</b>	<b>Ranking – Transnationality Index (TNI) / TNI (%)</b>	<b>Name of TNC</b>	<b>Home Economy</b>	<b>Industry</b>	<b>Foreign Assets</b>	<b>Total Assets</b>	<b>Foreign Sales</b>	<b>Total Sales</b>	<b>Foreign Employment</b>	<b>Total Employment</b>
15	18 / 69.8	Tata Steel Limited	India	Metal and Metal products	16 826	23 868	26 426	32 168	45 864	80 782
21	24 / 67.4	MTN Group Limited	South Africa	Telecom	13 266	18 281	7 868	12 403	10 870	16 452
27	100 / 2.7	China National Petroleum Corporation (CNPC)	China	Petroleum expl./Ref./Distr.	9 409	264 016	4 384	165 224	20 489	1 086 966
29	17 / 71.6	Hindalco Industries Limited	India	Diversified	8 564	12 653	11 371	14 338	13 477	19 867
44	78 / 29.6	Sasol Limited	South Africa	Oil, Gas, and Chemicals	6 679	18 977	7 781	21 676	6 041	34 000
79	56 / 44.2	ZTE Corp.	China	Other Consumer Goods	3 143	7 642	3 860	6 373	19 031	61 350

*Source:* UNCTAD Database, 2010. Available at:  
*Note:* TNI, Transnationality index, is based on the average of three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment

#### *4.1. Case Studies from China*

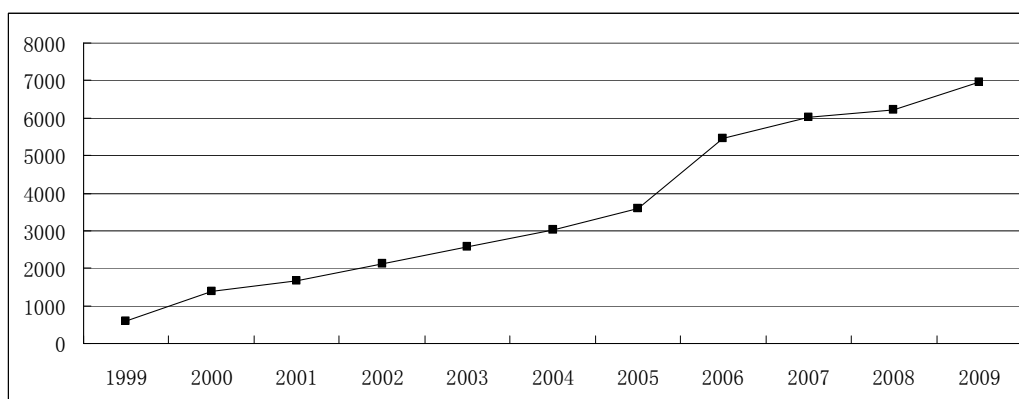
##### ***Case 1: China National Petroleum Corporation (CNPC)***

CNPC is China's largest oil and gas producer and supplier, as well as one of the world's major oilfield service provider and a global contractor with businesses covering petroleum exploration and production, natural gas and pipelines, refining and marketing, oilfield services, engineering construction, petroleum equipment manufacturing and new energy development, as well as capital management, finance and insurance services. It founded in 1988 on the basis of the Ministry of Petroleum Industry of China who supervised the exploration and exploitation of oil and gas resources in China since 1955. CNPC's subsidiary PetroChina was listed by Joint Stock Limited Companies in 1999. The American Depositary Shares (ADS) and H shares of PetroChina were listed on the New York Stock Exchange and the Stock Exchange of Hong Kong Limited in 2000 respectively. It was listed on Shanghai Stock Exchange in 2007. The number of CNPC's employees is 1.67 million and its total asset is 22.2 trillion RMB (3.2 trillion USD) in 2009.

CNPC's outward investment started from the early 1990s under the then situation of oil shortage and the on set of globalization. In 1993, China became

an oil importing country from an oil self-sufficient country. The central government of China put forward a strategy to invest into overseas oil resources. Since then CNPC experienced 17 years of outward investment to the global market. During this period, China's overseas oil and gas field production increased 10 times as shown in Figure 1.

**Figure 1: CNPC's Annual Field Production of Overseas Raw Oil over the Last Ten Years**



Source: Annual Report of CNPC 2000-2—9, <http://www.cnpc.com.cn/cn/gywm/qywh/cbw/lncbw/>

**Table 2: Summary of the history of CNPC's Outward Investment**

Time	Stage	Goal	Milestones	Investment mode
1993-1997	Starting	Experience accumulating and personnel training in global environment	Acquired the oil exploration rights in Thailand, Peru, Sudan, Venezuela, Ecuador	Joint exploitation and sharing the output
1997-2002	Growing	Formulating overseas oil reservation area	Bought the shares of an oil field in Khazhakistan, Australia, and Indonesia	Joint exploration and sharing the output Buying shares, M&A
2003-now	Rapid developing	Establishing the system of overseas oil and gas exploration and exploitation	Operating 81 oil and gas joint project in 29 countries	Joint exploration and sharing the output Buying shares , M&A Venture exploration

CNPC's history of outward investment can be divided into three stages, namely the starting stage, the growing stage, and the fast developing stage (Zhang, 2009).

The starting stage was from 1993 to 1997. In 1993 CNPC won the bid in Thailand for the right to explore an oil field. This was the first time that CNPC invested into the overseas oil exploration market. The biggest investment of CNPC in 1990s was the project of the oil field in Southern Sudan. From 1995, CNPC built up a whole oil industrial chain including production, refining, transportation, and sales with the production capacity of 14 million tons crude oil per year, a 1506 Km long oil pipelines, an oil refining factory and several petrol stations.

The growing stage was from 1997 to 2002. During these years, CPNC started to invest in Central Asia. In 1997 CPNC bought 60% of the shares of a Kazakhstan oil and gas company. Since then CPNC built an oil pipeline between Kazakhstan and China in order to reduce the cost of oil transportation. The oil production of 2010 is expected to be over 10 million tons. Another important investment happened in 2002. CPNC bought three oil fields in Australia and Indonesia at the price of 1.2 billion US dollars. By the end of 2002, CPNC have had more than 30 overseas joint projects. The investment exceeded 5 billion US dollars (Finance and Economy, 2010).

The fast developing stage started from 2003 and continuing. During this period, CNPC built five overseas oil and gas cooperation area. They are African area, Middle Asian area, South American area, Middle East area, and Asian Pacific area. A whole oil industrial chain with the function of exploration, exploitation, pipe transfer and refining has been established. It integrates both upstream and downstream industries. By the end of 2009, CPNC has been running 81 oil and gas joint projects in 29 countries (CNPC, 2010). The CEO of CNPC Jiemin Jiang said that CNPC planed to invest 60 billion US dollars to further develop its overseas business in the next ten years (China Foreign Investment, 2010).

CNPC's outward investment has three different modes. During the starting stage, the outward investment mostly adopted the mode of joint exploitation and sharing the output with the host countries. In this stage, the oil fields were of small scale, with complex geographical structure and limited oil yield. The projects in Peru and Venezuela were of this kind. In the growing stage, CNPC adopted one more mode of outward investment which is buying shares, and merger and acquisition. A successful case is the projects in Kazakhstan. In the fast developing stage, another new outward investment mode has been added to CNPC's strategic package - venture exploration. In 2006 CNPC initiated its first venture exploration project in Niger. Venture exploration involves high

investment with high risk and high return. With the shortage of capital and policy support, this mode has just been used in very small scale.

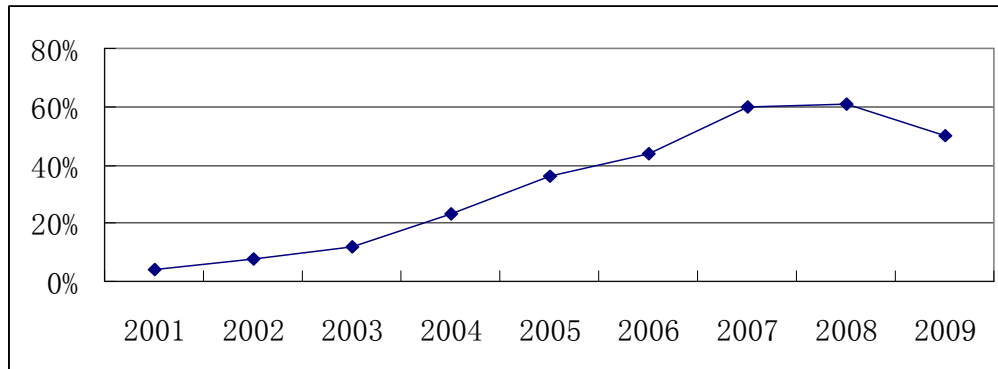
CNPC's outward investment is now facing three main challenges. First is the lack of a middle and long term national strategy and plan for overseas oil and gas resources exploration and exploitation. The support from government is not enough and the policy system is not consistent and effective. Second is the lack of financial resources. CNPC has been listed in Shanghai, Hong Kong and New York, but the financing channel is still very limited. Third is the risk of unstable political situation in the host countries and the changing international relationship between China and the host countries. The international terrorism is also a negative influential factor that CNPC has to take into consideration when they invest in overseas oil and gas market.

#### *Case 2: ZTE*

ZTE is a global telecommunications equipment and network solution provider founded in 1985 with headquarters in Shenzhen, the first special economic zone in China. Before it was listed in Shenzhen Stock Exchange in 1997 and Hong Kong Stock Exchange in 2004, ZTE was a state-owned company with the characteristic of state-owned but private-operated. That is, the state did not participate in their business operations as what they usually do with other state-owned companies. Now the company delivers products and services to over 500 operators in more than 140 countries. Besides its cooperation with top Chinese telecommunication players including China Mobile, China Telecom and China Unicom in China, the company also has developed long-term partnerships with industry-leading operators including France Telecom, Vodafone, Telstra, Telefonica, and the others. ZTE has over 70 thousands employees coming from different countries and regions all over the world. It's total asset is 10 billion US dollars in 2009.

ZTE's strategy of globalization was formulated 15 years ago, when in 1995 the company decided to sell their product in global market. Initially the investment was very limited. Over the last 15 years, ZTE's percentage of annual overseas business income to annual total income has increased continuously and significantly as shown in Figure 2.

**Figure 2: ZTE's Percentage of Annual Overseas Business Income to Annual Total Income**



Source: Annual Report of ZTE 2001-2009, [http://www.zte.com.cn/cn/about/investor\\_relations/corporate\\_report/](http://www.zte.com.cn/cn/about/investor_relations/corporate_report/)

ZTE's history of outward investment can be divided into four stages, namely the stage of exploration, the stage of scale breakthrough, the stage of acceleration, and the stage of high-end breakthrough (Hou, 2006). This is shown in Table 3.

**Table 3: Summary of the history of ZTE's Outward Investment**

Time	Stage	Goal	Milestones	Investment mode
1995-1997	Exploration	Preparing for globalisation	Establishment of the International Dep. and R&D centre in US	Building up facilities as a telecommunication supplier
1998-2001	Scale breakthrough	Accessing global market in developing countries	Contract of exchange board with Pakistan	
2002-2004	Acceleration	Accessing global market, personnel and capital	IPO in Hong Kong Exchange Cultivating African, Asian, and Latin American market.	
2005-now	High-end Breakthrough	Increase market share in developed countries	Overseas market income exceeded domestic income	Building up facilities as a telecommunication supplier and providing services as telecommunication operator

The exploration stage was from 1995 to 1997. The trigger behind ZTE's globalization process was their participation in the Telecommunication Fair 1995 in Geneva. It was the first time that ZTE attended an international fair. As a result, ZTE set up the International Department to expand its activities into overseas market. First, ZTE entered into the global market only for selling products through trade agencies in the host countries. ZTE only focused on providing products and technological support with very limited investment.

The scale breakthrough stage was from 1998-2001. In 1998 ZTE won the bid of an exchange board turnkey project in Pakistan with the value of 97 million US dollars. In 1999 ZTE invested to establish the Pakistan company for localizing the production of exchange board. At the same time ZTE also sent its employees to work in African countries. But each country usually had just one to two persons. In this stage, even though ZTE's export was mainly dependent on agencies in host countries, it had started to organize its international business on its own.

The acceleration stage was from 2002 to 2004. In this stage, ZTE accelerated its process of globalization related to market, human resource, and capital. ZTE cultivated several strategic markets such as Asia, Africa, South America and Russia. Many branches and overseas subsidiaries were set up in this stage.

The high-end breakthrough stage started from 2005 and is till continuing. 2005 was the International Year in ZTE. The company adopted an aggressive strategy of globalizing through localization. The tactic was to move its administrative platform abroad so as to shorten the administrative distance from its headquarters to the host countries to better react to local market. ZTE made a breakthrough in the Europe and North America markets. 15 branches with the functions of marketing, technological support, service and maintenance were set up in Europe covering most area of the region. ZTE moved its investment focus from domestic market to overseas market. Its organizational structure was also changed accordingly. The percentage of its overseas business income exceeded 60% of its total business income in 2008. In 2009, the company declared its ambition to increase investment in overseas markets and to deepen the strategy of globalization.

ZTE's outward investment includes two different modes. One is building up functional facilities for marketing, production, and R&D as a telecommunication equipment supplier. The other is joining into the telecommunication networks of different countries as a telecommunication operator.

Before 2006, ZTE mainly adopted the telecommunication supplier mode in which its role is a telecommunication equipment supplier. ZTE has heavily invested into the 13 platforms, including China, Asia and Pacific, Southeast Asia, Russia and CIS, South Asia, West Europe, East Europe, North Europe, India, North Africa, South Africa, South America, North America and Middle east platform, on which the factories, research centres, training centres, service centres and engineering centres provide customized and innovative products and services to the local telecommunication operators and end customers. In 2004, they invested 2.1 billion RMB into overseas market out of the 3.5 RMB raised from its IPO in Hong Kong Exchange (see Website A).

The telecommunication supplier mode functioned well till ZTE faced a turning point of profit slip in 2006. The reason is that the main overseas income was from developing countries such as Asian, African, and Latin American countries. These emerging markets usually did not have good technological infrastructure. The contracts usually were turnkey contracts which mean ZTE should be in charge of purchasing peripheral equipment, engineering, financing, and maintaining besides its main business of providing telecommunication equipment. Consequently, the project cycles were very long, risky, and less profitable. Additionally the intensive competition from ZTE's both domestic and international competitors led to a price war and reduced their profit further. Consequently, the net profit in 2006 fell 45.7% compared with the previous year.

Since then ZTE added one more mode to their globalization strategy which is the telecommunication operator mode. They enhanced their efforts of operating telecommunication networks as a telecommunication operator. ZTE has held or bought shares of more than ten operators in African countries, such as Congo, Ethiopia, Niger, Asian countries such as Indonesia, Myanmar, Saudi Arabia, and European countries such as Romania.

ZTE's outward investment is now facing two main challenges. First is the high barrier of the market especially in developed countries. ZTE has big ambition to further invest in the advanced economies such as Europe and North America. The advanced market accounts for 80% of the world's telecommunication market. But the barrier of market, technology, and regulation such as political and information security requirement by the host countries are high. Second is the lack of capability of global business management, especially the lack of international talents. ZTE was a domestic company, which developed into a global player. There are still mismatch between the global business environment and the company's organizational culture and human resources. ZTE still needs to strengthen its capability to compete as a main actor in this market.

#### *4. 2. Case Studies from India*

Since 2001 the OFDI from India has been significantly increasing until the end of 2007 when the global financial crisis slowed it down. In 2001, OFDI from India was less than US\$1 billion. India was actively trying to attract inward FDI. But by 2006 for the first time The OFDI from India (US\$10 billion) had outstripped the FDI flow to India. This trend continued in 2007 as Indian companies were buying up businesses in the US, Europe and in other regions. In January and February of 2007 alone Indian companies invested about US\$21 billion in 40 foreign investment projects. Although the global financial crisis has slowed OFDI from Indian companies, the trend still continued with some major deals. For example, in 2008 Tata Consultancy Services acquired Citigroup Global Services (India-based outsourcing division) for US\$505 million and HCL bought Britain's Axon Group for US\$672 million. In 2009 Sterlite made a bid to buy Arasco (bankrupt copper miner) for US\$1.7 billion last month (Kumar, 2009).

It will be interesting to explore what drives OFDI by Indian companies. For this we have selected two cases: Tata Steel and Hindalco.

#### *Case 3: Tata Steel*

##### **Tata Steel - Company Profile**

The Tata Steel Group is over 100 years old. It has established a global presence in over 50 countries including European and fast growing Asian countries, with manufacturing operations in 26 countries. It is the first integrated steel plant in Asia and the world's second most geographically diversified steel producer. It is



highly competitive due to its cost effective productions. In 2007 Tata Steel acquired Corus in the UK leading to a major presence in Europe, as it is Europe's second largest steel producer with main operations in the UK and the Netherlands. Corus has a global network of sales offices and service centres, employing around 37,000 people globally. Tata Steel Group's South East Asian operations comprise Tata Steel Thailand, in which it has 67.1% equity. NatSteel Holdings is its 100% subsidiary (since 2004) headquartered in Singapore, which is one of the largest steel producers in the Asia Pacific region. Acquisition of NatSteel enabled Tata Steel to establish presence across seven countries – Vietnam, Thailand, Australia, China, Malaysia, Philippines and Singapore.

Now, Tata Steel is the tenth largest steel producer in the world with 81,000 employees across five continents. “Tata Steel's overseas ventures and investments in global companies have helped the Company create a manufacturing and marketing network in Europe, South East Asia and the Pacific-rim countries” (see Website B).

Over 1300 scientists, engineers and researchers are working in 6 R&D centres in the UK, Netherlands and India. The Group invests about \$150m per annum for R&D activities and its global presence has helped its effort in maintaining competitiveness through Research, Development and Technology (RD&T) effort (Bhattacharjee, 2009).

<b>Table 4: Outward Foreign Investment by Tata Steel</b>				
<b>Country</b>	<b>Year of Investment</b>	<b>Name of Company Invested/ Acquired</b>	<b>Nature of Investment</b>	<b>Operations/ Strategic Objective</b>
Singapore		Tata NYK Shipping Pte Ltd.	50:50 joint venture with Nippon Yusen Kabushiki Kaisha (NYK line)	Strategic control over logistics for moving raw materials and steel
Singapore	2004-05	NatSteel Holdings	100% subsidiary -- with operations in Vietnam, Thailand, Australia, China, Malaysia, Philippines and Singapore	Singapore operations: largest single location facility in the world -- steel making and rolling capacity 7,50,000 tonnes per annum -- down stream facility 4,00,000 tonnes per annum
China	2004-05	NatSteel Holdings		Rolling mill at Xiamen – capacity of 5,00,000 tonnes of bars and rods;

				and wire drawing plant at Wuxi -- capacity of 1,00,000 tonnes (export to worldwide markets).
Vietnam	2004-05	NatSteel Holdings	55% partner in a Joint Venture with VN Steel	Capacity of 1,30,000 tonnes per year.
Philippines	2004-05	NatSteel Holdings	40% partner in the Joint Venture	Capacity of 3,50,000 tonnes per year.
Thailand	2004-05	NatSteel Holdings		Produces about 1,20,000 tonnes of wires (export to worldwide markets).
Australia	2004-05	NatSteel Holdings		capacity of 2,50,000 tonnes per year.
Australia	2005 (Production started in 2006)	Bowen Basin Project - Bowen Basin in Central Queensland	Joint venture with Vale for a Coking Coal Mine 5% interest in the Carborough Downs Coal Project located in Queensland	Project life - about 14 year; 58 million tonnes of raw coal is expected to be mined. Raw coal production around 1 mtpa.
Vietnam	2010	Ha Tinh Project Located in Ha Tinh province	Tata Steel - 65% and VSC - 35% stakes. Also Tata Steel will have 30% stake in Thach Khe Iron Ore	Capacity of 4.5 million tonnes per year.
Thailand	2005	Tata Steel Thailand Headquartered in Bangkok	Tata Steel - 67.1% stake. Its three main subsidiaries - SISCO, NTS and SCSC	2008 sales: 1.4 million tonnes. Predominant market - Thailand Market share in 2008 - 31%
Oman	Signed in January 2008	Limestone Project - Uyun region in the Salalah province	70% stake Joint Venture with Al Bahja Group	Mining of limestone which is the key raw material for producing good quality steel
South Africa	2006 /Operational since April 2008	Tata Steel (KZN) Richards Bay (in uMhlathuze Municipality)	Subsidiary	Producing Ferro Chrome and Charge Chrome - 150 000 tonnes per annum / All exported through the port of Richards Bay.
Ivory Coast	2007	Nimba Iron ore deposits	65% stake Joint Venture with SODEMI (State Owned Company for Mineral Development)	One of the biggest iron ore deposits in West Africa. It will supply plants in UK and Netherlands.

Mozambique	2007	Key coal exploration tenements (the Benga and Tete licences) held by Riversdale Mining Ltd. (Australia) in Mozambique	Tata Steel acquired 35% of Riversdale's Benga and Tete licences	Coking coal - supplied to facilities in Europe, Asia and elsewhere
UK	2007	Corus -- the European arm of Tata Steel Group	European arm of Tata Steel Group, headquartered in London	Integrated steel works at Port Talbot, Scunthorpe and Teesside - Crude steel capacity is about 13mtpa
Netherlands	2007	The IJmuiden Steelworks	Under Corus	Corus' largest and most cost-efficient steel making facility, with a production capacity of 7.6mtpa.
Canada	2005	Iron ore project - Northern Quebec, Labrador and Newfoundland provinces.	Tata Steel holds a 19.9% stake in New Millennium Capital Corporation (NML) with option to acquire an 80% stake in NML's Direct Shipping Ore project.	Iron ore from this project will serve Tata Steel's European facilities.
<i>Source: Tata Steel (2005 to 2010), Annual Reports.</i>				

Tata Steel has adopted different integration process strategies in Asia and in Europe. In Asia, the focus is on “to share the know-how for best operating practices and enhancing of product quality” among plants in different countries, and in the case of Corus in Europe the focus is on “quality and technology integration” and sharing two way best practices related to productivity, process improvement and cost between Corus and Tata Steel in India. According to Nerurkar: “It is expertise that is important, not nationality or the geography where the plant is located” (Nerurkar, 2010: 7).

Tata Steel signed a joint venture agreement with Vietnam Steel Corporation (VSC) and Vietnam Cement Industries Corporation (Vicem) for a 4.6 million tonne per annum (mtpa) integrated steel plant. It will be established in three phases over 10 years at the cost of \$5 billion. Tata Steel will have 65%, VSC and Vicem will have 30% and 5% stakes respectively. (Sinha, 2010).

Tata Steel invested \$120 million in Thailand during 2009-2010 to set up mini blast furnace complex to improve quality of its high carbon steel products (Sinha, 2010).

The foreign acquisitions particularly the Corus has led Tata Steel to benefit in terms of research and development, quality, technology, sharing of best practices, productivity and cost ideas, process improvements, and enhancement of customer support. According to its new Managing Director H. M. Nerurkar: “It is expertise that is important, not nationality or the geography where the plant is located” (Nerurkar, 2010: 7).

<b>Table 5: Tata Steel - Geographical Distribution of Revenues (% of Total Revenues)</b>					
Financial Year	India	Asia (Excluding India)	UK	EU (Excluding UK)	Rest of World
2007-08	15	12	37	32	5
2008-09	16.87	11.80	34.25	30.14	6.94
<i>Source: Tata Steel Group, Annual Report (2007-08, 2008-09).</i>					

<b>Table 6: Tata Steel - Geographical Distribution of Capital Employed (% of Total Capital)</b>					
Financial Year	India	Asia (Excluding India)	UK	EU (Excluding UK)	Rest of World
2007-08	20	7	43	27	3
2008-09	27.98	11.6	31.83	25.95	2.64
<i>Source: Tata Steel Group, Annual Report (2007-08, 2008-09).</i>					

Since 2005, “aggressive overseas acquisition strategy” has “added a steel capacity of 25 million tonnes across South East Asia, the UK, and Europe” and “enhanced capacities, new approaches that the acquisitions generated and the benefits of the synergies have” helped the Tata Steel to be ranked “amongst the top 10 steel producers in the world” (Tata Steel, 2009-10: 90). Although foreign acquisitions have helped to increase productive capacity, market and technological capabilities, it appears to have created problems with raw material security, as the raw material self sufficiency for the consolidated entity became about 25% after the acquisition of Corus. Tata Steel aims to increase this level to 50% in the medium to long term by actively pursuing acquisition of raw material (coking coal and iron ore) “either in virgin sites or small existing ventures” which can be used for requirements in Europe. For example, Tata steel invested in Mozambique (Riversdale Energy Mining Ltd) controlling 35% stake, entered into joint venture with New Millennium Capital Corp (NML) in Canada, and invested in South African iron ore mine which will supply raw material to its European operations from mid-2011. According to H. M.

Nerurkar, Managing Director of Tata Steel: “As for foreign sources, we shall continue to look for mines abroad to improve our raw material security” (Nerurkar, 2010: 6).

#### *Case 4: Hindalco – India*

Hindalco was established in 1958. It is an industry leader in aluminium and copper. It is the world's largest aluminium rolling company and Asia's largest integrated primary producer of aluminium. It is also one of the most cost-efficient producers of aluminium and copper globally. It operates the world's largest custom copper smelter at a single location. Hindalco stock is publicly traded on the Bombay Stock Exchange. Hindalco Industries Limited, is part of the Aditya Birla Group and one of the biggest producers of primary aluminium in Asia. The aluminium facility at Renukoot, India, was set up in 1962. In 1994, it set in motion a major expansion, modernization and diversification programme. In 2000 it acquired 74.6 % stake in Indian Aluminium Company Ltd. (Indal). In 2002, Indo-Gulf Corporation's copper business, Birla Copper was amalgamated with Hindalco. In 2003 it acquired Nifty copper mine and Mt. Gordon copper mine in Australia through Aditya Birla Minerals Ltd (ABML). Hindalco Industries Ltd, owns 51 per cent of ABML, a company having 100 per cent holding in Birla Nifty Pty Limited and Birla Mt. Gordon Pty Limited located in Western Australia and Queensland, respectively. ABML, an S&P ASX 300 Index company, is the largest pure copper company listed on the Australian Stock Exchange.

The Birla Nifty copper mine consists of an underground mine, heap leach pads and a solvent extraction and electrowinning (SXEW) processing plant, which produces copper cathode. The Mt. Gordon copper operation consists of an underground mine and a copper concentrate plant. Until recently, the operation produced copper cathode through the ferric leach process. In 2004, a copper concentrator was commissioned to provide concentrate for use at Hindalco's operations in Dahej. During FY2009, Mt. Gordon produced 17,815 tonnes of copper in concentrate. Both Nifty and Mt. Gordon have a long-term life of mine off-take agreement with Hindalco for supply of copper concentrate to the copper smelter at Dahej. According to Kumar Mangalam Birla, Chairman, The Aditya Birla Group: “The acquisition of Nifty...will elevate us to an integrated Copper producer. Ownership in upstream mines is a strategic imperative for a smelter of our size, which we intend to scale up further to a global size” (Press release, no date).

Novelis is a Canadian corporation formed in January 2005 as a spin-off from Alcan Inc. In 2007, Novelis was acquired by Hindalco Industries Limited and became part of the Aditya Birla Group. The acquisition of Novelis Inc. in 2007 helped the company to be ranked among the top five aluminium leaders in the world and the largest vertically integrated aluminium company in India. Hindalco has established operations in 12 countries with the consolidated turnover of USD 13 billion and is included in the Fortune 500 companies. Hindalco's aluminium metal is accepted for delivery under the High Grade Aluminium Contract on the London Metal Exchange (LME).

Novelis has a large global presence and operates from 12 countries, employing 12,000 people in 31 manufacturing plants and associated activities. Novelis is the global leader in aluminium rolled products and aluminium can recycling. The company produces an estimated 19 per cent of the world's flat-rolled aluminium products and is the number one producer in Europe and South America, and the second largest in North America and Asia. In its 2009 fiscal year, the company shipped 2.9 million tonnes of aluminium products and reported net sales of approximately US\$10.2 billion. Novelis has the capability to provide supply of technologically sophisticated rolled aluminium products throughout Asia, Europe, North America and South America. In addition to its aluminium rolling activities, Novelis operates bauxite mining, primary aluminium smelting and power generation facilities in Brazil that are integrated with its rolling plants there. After the acquisition of Novelis, the high quality assets of the closed Rogerstone plant in UK have been moved to Hirakud in Orissa, India, close to the company's smelter (Press Release, 20 June 2008).

<b>Table 7: Outward Foreign Investment by Hindalco</b>				
<b>Country</b>	<b>Year of Investment</b>	<b>Name of Company Invested/ Acquired</b>	<b>Nature of Investment</b>	<b>Operations/ Strategic Objective</b>
Australia	2003	Nifty Copper Mine, North West Australia (Birla Nifty Pty Limited)	100% owned by Aditya Birla Minerals Ltd (ABML) in which Hindalco has 51% stake.	Long term supply of copper concentrate to the copper smelter at Dahej (Hindalco), Gujarat, India.
Australia	2003	Mt. Gordon Copper Mine, Queensland (Birla Mt. Gordon Pty Limited)	100% owned by Aditya Birla Minerals Ltd (ABML) in which Hindalco has 51% stake.	Long term supply of copper concentrate to the copper smelter at Dahej (Hindalco), Gujarat, India.
Canada	2007	Novelis Inc.:  Novelis operates bauxite mining, primary aluminium smelting and power generation facilities in Brazil.  Novelis has 31 manufacturing plants in 12 countries, employing 12,000 people.	100% subsidiary owned by Hindalco	To achieve the strategic objective of becoming one of the global leaders in the industry.  Novelis Inc. is the number one producer in Europe and South America, and the second largest in North America and Asia.  To strengthen its presence in exports while retaining its leadership in the domestic market.  Wanted to grow upstream (with value-added products) to ensure sustainable profits.  This helped Hindalco to become one of the leading global players, producing primary metals (downstream) and value added products
<i>Source: Hindalco, Annual Report (2003 to 2009).</i>				

The acquisitions and mergers, with Indal, Birla Copper and the Nifty and Mt. Gordon copper mines in Australia, has propelled Hindalco to become one of the leaders in the aluminium and copper industry. After the acquisition of Novelis, Hindalco is now a global player with a strong presence in five continents.

According to D Bhattacharya, managing director of Hindalco Industries: the OFDI would help by Hindalco to attain “global competitiveness and to reap benefits of significant deficit in the Asian markets... it will also enable the company to fully exploit the infrastructure potential at Dahej (India). Birla Copper plans on strengthening its presence in exports while retaining its

leadership in the domestic market”. Birla Copper’s revenues climbed 33 per cent to Rs 42.71 billion during 2004-05. Due to the company's increasing penetration into high deficit South East Asia and far eastern markets, total exports grew by 16 per cent (Financial Express, 17 August 2005).

According to D Bhattacharya, managing director of Hindalco Industries, the acquisition of Novelis has helped Hindalco in many ways:

Novelis is a strategic fit for Hindalco. We wanted to grow upstream (with value-added products) to ensure sustainable profits. Producing primary metals (downstream) and value added products are like chalk and cheese. For value-added products like cans, we needed to have technology and customer acceptance. Neither can be purchased from the market. Even if we invest time and develop technology, there is always a fear that it may not succeed. We have learnt many things from Novelis. We began with cultural integration, followed by finance and technology, and now marketing. For example, the energy efficiency of their plants was far better than Hindalco’s. No steamroller approach will work in such cross-border integration. With Novelis, Hindalco has spread across the globe and our portfolio of products is a natural hedge to the volatility of aluminium prices. We can bring Novelis’ technology into India and make cans and sheets for Indian consumers. The benefits of the purchase have started to flow in and will be reflected in our annual result (Kalesh, 2008). (*Business Standard*, 9 June 2010)

According to Kumar Mangalam Birla, Chairman, Hindalco:

“The combination of Hindalco and Novelis establishes an integrated producer with low-cost alumina and aluminium facilities combined with high-end rolling capabilities and a global footprint. The complementary assets and expertise of the team provides a strong platform for growth and success” (Press Release, 15 May 2007).

To recapitulate, the OFDI by Hindalco since 2003 in Australia and the acquisition of Novelis in Canada in 2007 has helped Hindalco to become a global competitor in the aluminium and copper industry.



### *4.3. Case Studies from South Africa*

In this section we discuss OFDI from two of the leading MNCs from South Africa – MTN Group and Sasol Limited.

#### *Case 1: MTN Group – South Africa*

MTN's origin goes back to 1994 when it was incorporated as M-Cell Limited in South Africa. In 2002 M-Cell was renamed 'MTN Group Limited'. MTN is a multinational telecommunications group offering cellular network access and business solutions. It is listed on the JSE, in South Africa under the Industrial – Telecommunications sector.

MTN started investing outside South Africa in the continent regional market to diversify its revenue sources and to emerge as the leading telecommunications company in Africa. In 2001 M-Cell was a holding company which operated through Mobile Telephone Networks Holdings (Proprietary) Limited (i.e. MTN) and Orbicom (Proprietary) Limited (i.e. Orbicom). Johnnic Holdings Limited was the ultimate controlling shareholder of M-Cell. MTN operated through MTN South Africa and MTN Africa. MTN owned 30% of MTN Swaziland and 100% MTN International (Mauritius). The MTN International owned 31% of MTN Rwanda Cell, 50% of MTN Uganda, 100% of MTN Cameroon, and 94% of MTN Nigeria (M-Cell Limited, 2001: 2). The foreign investment by MTN was mainly done through generating more cash flow in South Africa. In 2002 as a result of the expansion in other African countries, the revenue generated from MTN International has increased from 4.5% of the Group revenue to 18.9% (M-Cell Limited, 2002: 18).

In 2005 MTN made further expansion in Africa through OFDI in MTN Côte d'Ivoire (51%)

MTN Zambia (100%), Mascom- Botswana (44%), MTN Congo Brazzaville (100%). For the first time MTN also ventured outside Africa by investing in Irancell (49%) in Iran. By 2005 MTN Group's non-South African operations contributed 43% of the revenue, 55% of EBITDA, and 55% of profit after tax, with MTN Nigeria being the most significant of these operations (MTN Group, 2005: 20). In 2006, MTN acquired Investcom LLC for US\$5 billion which was one of the largest acquisitions in the JSE. This helped MTN to expand its

operations into further 10 countries in Africa, and the Middle East, and Europe and made it a real multinational group.

Today MTN operates in 21 countries in Africa and the Middle East, which are divided into three regions: South and East Africa (SEA), which includes MTN South Africa, MTN Swaziland, MTN Zambia, MTN Uganda, MTN Rwanda and Mascom Botswana; West and Central Africa (WECA), which includes MTN Nigeria, MTN Cameroon, MTN Congo-Brazzaville, MTN Cote d'Ivoire, MTN Benin, MTN Ghana, MTN Guinea-Bissau, MTN Guinea Conakry and Lonestar Liberia, and Middle East and North Africa (MENA), which includes MTN IranCell, MTN Afghanistan, MTN Cyprus, MTN Sudan, MTN Syria and MTN Yemen. At the end of December 2006, MTN recorded more than 40 million subscribers across its operations. Investcom operations contributed R5.9 billion or 12% of total revenue for the year 2006 since acquisition in July 2006 (MTN Group, 2006: 21). This shows that MTN's strategy towards diversifying the revenue base through strategic acquisitions in emerging markets has proved to be effective. Also, the acquisition of Investcom has helped MTN to develop competitive advantage by adding "more depth" to its "management teams as well as professional and telecommunication-specific skills" (MTN Group, 2006: 22). By the end of 2006, MTN's international operations increased their contribution to Group results -- 53% of the total revenue, 63% of total EBITDA (i.e. up from 43% and 55% respectively at the end of 2005).

In 2006, MTN Group also increased its stake in MTN Côte d'Ivoire by 17%, Mascom (Botswana) by 7%, and Uganda by 45% by making further investment of R2.1 billion. It also increased its shareholding in Nigeria by 7% which cost R2.7 billion (MTN Group, 2006: 25). By 2008, the number of subscribers for the whole Group has increased to 90.7 million. In 2008, MTN has disposed 5.96% interests in its MTN Nigeria for US\$594 million; and also disposed 49% of MTN Cyprus to a prominent Cypriot trading company. MTN increased its shareholding in MTN Côte d'Ivoire to 65% at a cost of US\$38 million and in Côte d'Ivoire it acquired Infotel and OTEnet for about US\$50 million (MTN Group, 2008). By 2009, total subscribers increased to 116 million people and 70% of the earnings of the MTN Group came from outside South Africa from its foreign investments.

<b>Table 8: Outward Foreign Investment by MTN Group</b>				
<b>Country</b>	<b>Year of Investment</b>	<b>Name of Company Invested/ Acquired</b>	<b>Nature of Investment</b>	<b>Operations/ Strategic Objective</b>
Uganda, Rwanda and Swaziland	1997-1999	MTN Uganda (50%) MTN Rwanda Cell (31%) MTN Swaziland (30%)	MTN International expands into Africa, acquiring licences in Uganda, Rwanda and Swaziland.	Strategic investment to expand into African Regional Market  Subscriber number: In 2005: Swaziland – 213 000; Rwanda – 275 000; Uganda – 982 000
Cameroon	2000	MTN Cameroon (100%)	MTN International acquired a National GSM 900 licence in Cameroon.	Strategic investment to expand into African Regional Market  Achieved subscriber number of 1.25 million in 2005
Nigeria	2001	MTN Nigeria (94%)	MTN International acquired National GSM 900 and GSM 1800 licences at the cost of US\$285 million. (Invested R925.5 million free cash flow to fund Nigerian Equity).	Strategic investment to expand into African Regional Market
Nigeria	2003	MTN Nigeria	Invested US\$345 to fund further expansion	Further expansion of MTN infrastructure in Nigeria Achieved 2 million subscribers by March 2004; 8.4 million by December 2005.
Côte d'Ivoire Zambia Botswana Republic of Congo	2005	MTN Côte d'Ivoire (51%) MTN Zambia (100%) Mascom- Botswana (44%) MTN Congo Brazzaville (100%)	Acquisitions of 51% Telecel Côte d'Ivoire for R1.4 billion and rebranding it as MTN.  Acquisitions of 100% Telecel Zambia for R347 million and rebranding it as MTN.  Indirect acquisition of Mascom Wireless Botswana Limited (44%), invested as joint venture.  100% acquisition of Libertis, the second largest mobile operator in Republic of Congo for R656 million.	Consolidation of MTN's position as leading telecom provider in developing markets.  Subscriber number: MTN Côte d'Ivoire – 1.1. million; MTN Zambia – 97 000; Mascom Botswana – 479 000; and MTN Congo Brazzaville – 210 000.
Iran	2005	Irancell (49%) (MTN Irancell)	Greenfield GSM License Agreement in which MTN invested EUR300 million. In addition it also invested US\$89 million in Irancell. It entered into a long term commercial agreement with Irancell.  The first investment by MTN outside Africa into Middle East	Entry of MTN into the Middle East regional market.  Subscribers by December 2006: 154 000; By December 2007: 6 million

Africa/ Middle East/ Asia/ Europe	2006	<p>MTN Group Limited acquired Investcom LLC for a total of US\$5 526 billion (R33.5 billion).</p> <p>Investcom LLC was operating in 10 countries in Africa and the Middle East regions.</p>	<p>MTN Guinea Republic (75%) MTN Ghana (98%) MTN Liberia (60%) MTN Benin (75%) MTN Guinea Bissau (100%) MTN Sudan (85%) MTN Syria (75%) MTN Yemen (83%) MTN Cyprus (99%) MTN Afghanistan (100%) Mednet (100%)</p>	<p>Strategy towards diversifying the revenue base through strategic acquisitions in emerging markets.</p> <p>Acquisition of Investcom LLC has made MTN as a pre-eminent mobile operator in the emerging markets of Africa and the Middle East operating in 21 countries with more than 8.4 million subscribers.</p> <p>Subscriber number: MTN Guinea Republic – 276 000; MTN Ghana – 2.6 million; MTN Liberia – 218 000; MTN Benin – 476 000; MTN Guinea Bissau – 98 000; MTN Sudan – 1.1 million; MTN Syria – 2.2 million; MTN Yemen – 1.16 million; MTN Cyprus – 76 000; MTN Afghanistan – 218 000;</p> <p>Investcom operations contributed R5.9 billion or 12% of total revenue for the year 2006 since acquisition in July 2006. This increased by 54% to R15.1 billion by December 2007 (MTN, 2007: 29).</p>
Côte d'Ivoire Botswana Uganda	2006	<p>MTN Côte d'Ivoire Mascom- Botswana MTN Zambia (100%)</p>	<p>Increased its stake in MTN Côte d'Ivoire by 17%, Mascom (Botswana) by 7%, and Uganda by 45% by making further investment of R2.1 billion.</p>	<p>Further consolidation strategy</p>
India	2008-09	<p>Exploratory talks with Bharti Airtel and Reliance Communications</p>	<p>Attempted to forge strategic links in Indian Market</p>	<p>Negotiations were not successful</p>
Source: MTN Group, Annual Report / Business Report (2001 to 2009).				

According to the company's President and CEO: “*MTN's vision is to be the leader in telecommunications in emerging markets*” (MTN Group, 2008: 11). MTN's strategic Agenda was driven by: (i) consolidation and diversification, that is, achieving better economies of scale; and spreading earnings and risks over more markets; (ii) leveraging its brand and intellectual capacity to establish widespread presence and to achieve sustained growth; and (iii) to work towards convergence and operational evolution together with strategic partners. MTN believes that “in the face of growing competition, achieving better economies of scale and spreading earnings and risks over more markets will determine the success and sustainability of mobile communication operations” (MTN Group, 2009: 22). OFDI by MTN over the years as shown by Table 8 clearly illustrates how the Group has strived to achieve this vision.

To sum up, between late 1990s and 2007 MTN has invested in 20 countries outside South Africa (mainly in Rest of Africa, Middle East) and emerged as one of the leading telecommunications multinational operator in the emerging markets. The OFDI by MTN was mainly driven by its thrust to diversify its revenue sources and achieve competitiveness through expansion of subscriber base and economy of scale of infrastructure. Its entry into Nigeria at a time when the country was considered as high risk appears to have paid rich dividend towards achieving its strategic vision.

### *Case Study 2: Sasol Limited*

Sasol Limited was formed in 1950 and operates from its Head Office at Johannesburg in South Africa. It is an integrated oil and gas company with substantial chemical interests and is one of the leaders in the world in the conversion of coal and gas to transportation fuels and chemicals. Sasol Group comprised of diversified operations, that is, Oil and Gas businesses (Sasol Mining, Sasol Synfuels, Sasol's liquid fuel business); Main Chemical businesses (Sasol Olefins & Surfactants); Other Chemical businesses (Sasol Nitro and Sasol Wax); Specialist services (Sasol Technology); Sasol Gas (Sasol Petroleum International (SRI), Sasol Synfuels International, Sasol Polymers, and Sasol Solvents); and others. Sasol Group of companies has operations in Europe, Asia, Australasia, Africa and the Americas, that is, in 35 countries employing more than 5500 people. Because of its rapid global expansion programme since late 1990s, the Group got listed in the New York Stock Exchange in 2003. The share price opened at \$10.90. By May 2008 Sasol's share price in NYSE appreciated by six fold to \$66.09 (Sasol, 2008).

Sasol's strategic goals included acquisition of new businesses and investment in significant developing markets (oil, gas and coal reserves) to help improve its results despite high level of competition. Its aims to develop world-scale gas-to-liquids (GTL) or coal-to-liquids (CTL) plants outside South Africa with joint venture partners. To achieve this Sasol made major investments in GTL projects in Nigeria and Qatar. The acquisition of Exxon Mobil's European Wax emulsion business has helped its operations to expand significantly in Europe. Sasol Polymers has made significant investment in Malaysia. Because of global expansion of its operations, by the end of 2006, 33% of the Group's turnover was contributed by operations outside South Africa (Sasol, 2006: 7).

<b>Table 9: Outward Foreign Investment by Sasol Limited</b>				
<b>Country/ Region</b>	<b>Year of Investment</b>	<b>Name of Company Invested/ Acquired</b>	<b>Nature of Investment</b>	<b>Operations/ Strategic Objective</b>
North America	1999	Sasol-DHB Holdings explosives manufacturing and marketing  Sasol Chevron joint venture formed with Chevron Texaco	New production capacity (Joint Venture)  Joint venture	Part of the Group's Globalisation Programme  To exploit new GTL opportunities
Venezuela	1999	Schumann Sasol International joint-venture wax plant	New joint venture plant	To meet growing demand in the Latin American and Caribbean markets.
Malaysia	2000	Investment in new plants by Sasol Polymers	Investment of R1.2 million in new plants to produce ethylene and polyethylene	Strategic investment
Mozambique	2000	Signed agreement with the Government	To develop natural gas reserves	Strategic investment
Germany	2001	Purchase of Condea from RWE-DEA	Acquisition	To expand global chemical footprint
Gabon	2002	Investment by SPI in Gabon's Offshore Etame Oilfield	As 27.75% partner in oil production	Strategic investment
Qatar	2003	Oryx GTL	International GTL venture	Strategic investment
Namibia	2004	Investment by Sasol Oil (Pty) Limited in Namibian Liquid Fuel (Pty) Ltd (NLF)	Sasol controlled NLF effectively as a subsidiary	To supply various petroleum products to Namibian market
Denmark	2005	Acquisition (100%) of Sasol Wax Denmark.	Sasol Wax Denmark was consolidated as Subsidiary	Strategic consolidation in Europe
US	2005	Lux International Corporation	Took effective control of the business (Joint venture) which is a leading supplier of wax specialties to a diverse group of industries in North America	Consolidation in the North American market
China	2006	Agreement with the Government	Feasibility study to develop 2 potential coal-to-liquids plants	Strategic expansion in Asia
Nigeria	2006	Investment in Escravos gas-to-liquids (EGTL) plant	Investment in new GTL plant.	Strategic expansion in Africa
US	2007	Acquisition of remaining 50% of Sasol Dyno Nobel for US\$31 million.	To make it a wholly owned Sasol operation	Consolidation in North America
UAE	2007	Sasol Chemie GmbH & Co KG and Sasol Solvents Germany GmbH acquired 80% and 20% respectively of Interchem Terminal FZCO for R64 million.	Investment as subsidiary	Strategic expansion in Asia/ Middle East
Germany	2008	Acquired the remaining 50% share	To make it a wholly owned Sasol Wax	Consolidation in Europe

		of Merkur Vaseline GmbH and Co KG	operation	
US	2008	Acquired the remaining 50% share of joint venture Luxco Wax	To make it a wholly owned Sasol Wax operation	Consolidation in North America
Uzbekistan	2009	Joint Venture Agreement with Uzbekneftegaz and Petronas	To develop GTL project of 36 000 barrels a day	Strategic expansion in Asia
Mozambique	2009	Sofala (100%) M-10 (50%) offshore Licences	Offshore Licences for US\$7.4 million	To secure natural gas assets for potential GTL feedstock.
Papua New Guinea	2009	Joint venture with Papua Petroleum Limited	4 Petroleum prospecting licences	Strategic expansion
India	2009	Joint venture with Tata	For pre-feasibility study into a CTL facility in the State of Orissa	Strategic expansion into India
<i>Source: Sasol, Annual Review and Summarised Financial Information (1999 to 2009).</i>				

To summarize, Sasol has followed twin approach towards its OFDI. That is, it made new investment or consolidated its existing investments in the developed economies such as the US and European countries where it aims to increase its performance by strategic positioning in the end user markets. And it made new investments in developing economies in Africa and Asia to secure oil, gas, and coal supplies for its global operations.

## 5. Analysis

<b>Table 10: Comparison of Outward Foreign Investment by Case Companies</b>				
<b>Company/ Country of Origin</b>	<b>Industry</b>	<b>Investment Destinations</b>	<b>Nature of Investment</b>	<b>Operations/ Strategic Objective</b>
CNPC/ China	Petroleum expl./Ref./ Dfistr.	Mainly in developing countries such as Thailand, Peru, Sudan, Venezuela, Ecuador, Khazhakistan and Indonesia, and Australia.	Mainly Joint ventures at early stage, Purchase of shares and M&A at growing stage, and Venture investment/ exploration in fast development stage	To secure long term supply of oil for its operations in China (Home base)
ZTE/ China	Other Consumer Goods	Both Developed and Developing countries	100% owned subsidiaries and long term partnership with leading telecom companies in different regions	To secure regional and global markets. That is, to access new markets in developing countries and to increase its market share in developed countries. And accessing global market, personnel and capital

Tata Steel/India	Metal and Metal products	Both developed and developing countries in Africa, East Asia, Canada, UK, Netherlands, and Australia	Mainly joint ventures and some 100% owned subsidiaries	To emerge as a global competitor by increasing productive capacity, market and technological capabilities, and to ensure raw material security and self sufficiency for its global operations.
Hindalco/ India	Diversified	Australia and Canada	Mainly 100% owned subsidiaries	To achieve the strategic objective of becoming one of the global leaders in the industry  To ensure long term supply of copper concentrate to the copper smelter at Dahej (Hindalco), Gujarat, India.  Wanted to grow upstream (with value-added products) to ensure sustainable profits.
MTN Group / South Africa	Telecom	Africa, Middle East, South Asia, and Europe (only Cyprus)	Mainly 100% owned subsidiaries and some joint ventures	Mainly to establish as a leader in the emerging/ developing economies and gain global status and competitiveness.
Sasol Limited / South Africa	Oil, Gas, and Chemicals	North America, Europe, African countries, Middle East (Qatar), Asian countries such as India, China, Malaysia, and Uzbekistan	Mainly joint ventures and 100% owned subsidiaries	Two objectives: 1. Strategic positioning to gain competitive advantage in developed markets such as North America and Europe through consolidation; and 2. New investment in developing economies to secure oil, gas, and coal supplies for its global operations.

Table 10 provides comparative analysis of the six case companies' OFDI. It is very clear that the primary motivating factor behind OFDI by all cases is to emerge as a global player or leader in their respective industry. Except MTN which mainly aims to be a leader in the emerging/ developing economies, all other cases aim to become global players in both developed and developing markets.

International competitiveness through gaining new markets in the developing world (regional markets) and increasing existing share or gaining access to developed countries (global market) is another main motive. Furthermore, in the case of OFDI from companies in natural resources related sectors such as CNPC, Tata Steel, Hindalco, and Sasol two more factors which have played



important role are – (i) to move up the value chain in terms of technological complexity; and (ii) to ensure raw material security in the long term. The nature of investment is mainly 100% owned subsidiaries and joint ventures.

## **6. Conclusions**

We examined the factors driving outward flow of FDI from the emerging transition economies by selecting six cases of TNCs, that is, CNPC and ZTE from China; Tata Steel and Hindalco Industries from India; MTN Group Limited and Sasol Limited from South Africa. OFDI literature review suggested that the factors behind OFDI by TNCs in developing countries are largely same as the case of TNCs in the developed economies: competition pressures due to globalization, need for gaining access to natural resources, markets, skills, technology, and brand names, and also factors such as regional integration, and limited market size and resource base of the home economy.

Amongst our cases, in the initial phase CNPC's outward investment mostly adopted the mode of joint exploitation and sharing the output with the host countries. In the growing phase, CNPC shifted to buying shares, and merger and acquisition. The new mode is venture exploration. The main motivating factor for OFDI by CNPC is to secure long term supply of oil for its operations in China. ZTE's outward investment includes two modes: one is building up functional facilities for marketing, production, and R&D as a telecommunication equipment supplier; and the other is joining into the telecommunication networks of different countries as a telecommunication operator. The main motivating factors are: to secure regional and global markets; and increasing competitiveness through accessing international talents and capital. The main factors behind Tata Steel's foreign investments are: to emerge as a global competitor by increasing productive capacity, market and technological capabilities; and to ensure raw material security. Foreign investment has helped Tata Steel to increase productive capacity, market and technological capabilities. Particularly the acquisition of Corus has led Tata Steel to benefit in terms of research and development, quality, technology, sharing of best practices, productivity and cost ideas, process improvements, and enhancement of customer support. Hindalco's OFDI is aimed to transform the company into one of the global leaders in the industry, to ensure long term supply of copper concentrate to its plant in India, and to move upstream (with value-added products). OFDI helped Hindalco to attain global competitiveness, particularly its investments in Australia and Canada. Similarly, between late 1990s and 2007, MTN has invested in 20 countries outside South Africa and emerged as one of the leading telecommunications multinational operator in the emerging markets. The OFDI by MTN was mainly driven by its thrust to diversify its

revenue sources and achieve competitiveness through expansion of subscriber base and economy of scale of infrastructure. Sasol aimed to increase its global competitiveness through OFDI. It followed twin approach towards OFDI: it made new investment or consolidated its existing investments in the developed economies where it aims to increase its performance by strategic positioning in the end user markets; and it made new investments in developing economies in Africa and Asia to secure oil, gas, and coal supplies for its global operations.

The case studies from China, India and South Africa show that the main motivating factors behind OFDI are: to emerge as a global player/ leader or regional player; to achieve international competitiveness through gaining new markets in the developing world (regional markets) and increasing existing share or gaining access to developed countries (global market); to gain access to new R&D/ technological capabilities; to move up the value chain in terms of technological complexity; and (ii) to ensure raw material security in the long term (in the case of companies in natural resources sectors).

The OFDIs by the six cases selected clearly illustrate that TNCs from the developing/ transitional economies now are looking for strategic presence in both developed and developing economies, their main mode of investments is merger and acquisitions rather than in Greenfield projects. The OFDI flow is mainly regional and South-South in nature.

Although limited number of cases studied constrains us from making clear generalizations for policy suggestions or for theory building, the empirical evidence from the selected six cases TNCs located in China, India and South Africa will further enrich the empirical literature /appreciative theory in this area.

## References

- Agarwal, J. P. (1985), 'Pros and Cons of Third World Multinationals: A Case Study of India', Kieler Studien, 195 (Tubingen).
- Andreff, V. (2003), 'The newly emerging TNCs from economies in transition: a comparison with Third World outward FDI', *Transnational Corporations*, 12(2): 73-118.
- Ariff, M. and Lopez, G. P. (n.d), 'Outward Foreign Direct Investment: The Malaysian Experience', Malaysian Institute of Economic Research. Available at: <http://www.icrier.org/pdf/Mohamed%20Ariff%20and%20Greg%20Lopez.pdf>
- Athukorala, P-C. (2009), 'Outward Foreign Direct Investment from India,' *Asian Development Review*, 26(2): 125-153.
- Banga, R. (2007), 'Explaining Asian Outward FDI,' ARTNeT Consultative Meeting on Trade and Investment policy Coordination, 16-17 July, Bangkok. Available at:

- [http://www.unescap.org/tid/artnet/mtg/tipc\\_s6banga.pdf](http://www.unescap.org/tid/artnet/mtg/tipc_s6banga.pdf). Also see:  
[http://www.unescap.org/tid/artnet/pub/tipub2469\\_chap7.pdf](http://www.unescap.org/tid/artnet/pub/tipub2469_chap7.pdf)
- Bhattacharjee, D. (2009), 'Re-engineering R&D', *Tata Steel World*, 1(July): 12-15.
- Cai, K. G. (1999), 'Outward foreign direct investment: A novel dimension of China's integration into the regional and global economy', *The China Quarterly*, 160: 856-880.
- Chakraborty, C. and Basu, P. (2002), "Foreign Direct Investment and Growth in India: A Cointegration Approach," *Applied Economics*, Vol. 34, pp.1061-1073.
- Cheng, L. K. and Ma, Z. (2007), 'China's Outward FDI: Past and Future', Available at: [http://www.nber.org/books\\_in\\_progress/china07/cwt07/cheng.pdf](http://www.nber.org/books_in_progress/china07/cwt07/cheng.pdf)
- Cheng, S. and Stough, R. R. (no date), 'The Pattern and Magnitude of China's Outward FDI in Asia,' Available at: <http://www.icrier.org/pdf/Shao ming%20Cheng%20and%20Roger%20R%20Stough.doc>
- China Foreign Investment* (2010), 'CNPC to Invest 60 billion US Dollar to Overseas Business in the Next Ten Years', No. 11.
- Chudnovsky, D. and Lopez, A (2000), 'A third wave of FDI from developing countries: Latin American TNCs in the 1990s,' *Transnational Corporations*, 9(2): 31-75.
- CNPC (2010), 'The Expansion Strategy of CNPC: 21 Century Economic Report', 21<sup>st</sup> May.
- Draper, P., Kiratu, S. and Samuel, C. (2010), 'The Role of South African FDI in Southern Africa', *Discussion Paper 8/2010*, German Development Institute, Bonn. Available at: [http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/\(ynDK\\_contentByKey\)/ANES-882C6Q/\\$FILE/DP%208.2010.pdf](http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_contentByKey)/ANES-882C6Q/$FILE/DP%208.2010.pdf)
- Economic Commission for Latin America and Caribbean (ECLAC) (2005), "'Trans-Latins: An Overview'", in *Foreign Investment in Latin America and the Caribbean*, Available at: [http://www.eclac.org/publicaciones/xml/2/24302/lcg2309i\\_Chapter\\_III.pdf](http://www.eclac.org/publicaciones/xml/2/24302/lcg2309i_Chapter_III.pdf)
- Ellingsen, G., Likumahuwa, W., and Nunnenkamp (2005), 'Outward FDI by Singapore: A Different Animal', Available at: [http://www.econstor.eu/bitstream/10419/3947/1/Elli\\_Liku\\_Nu-OutwardFDI\\_Sing.pdf](http://www.econstor.eu/bitstream/10419/3947/1/Elli_Liku_Nu-OutwardFDI_Sing.pdf)
- Finance and Economy* (2010), 'Oil Production of CNPC Kazakhstan Project Expected to Exceed 10 Million Tons', 18 (271).
- Gammeltoft, P. (2008), 'Emerging Multinationals: Outward FDI from the BRICS Countries', *International Journal of Technology and Globalisation*, 4(1): 5-22.
- Gao, T. (2005), 'Foreign direct investment from developing Asia: some distinctive features', *Economics Letters*, 86: 29-35.
- Herriott R. E. and Firestone W. A. (1983), 'Multisite Qualitative Policy Research: Optimizing Description and Generalizability,' in *Educational Researcher*, 12(2): 14-19.
- Hiratsuka, D. (2006), 'Outward FDI from and Intraregional FDI in ASEAN: Trends and Drivers', Discussion Paper No. 77, Institute of Developing Economies, Japan.
- Holtbrugge, D. and Kreppel, H (2008), 'Determinants of Outward Foreign Direct Investment from BRIC Countries: An exploratory study', *Working Paper 1/ 2008*, Department of International Management, University of Erlangen-Nuremberg, Germany.

- Hou, Weigui, (2006), 'Firm's Internationalisation: the ZTE Model', *Entrepreneur Information*, 5:117-118.
- Kalesh, B. (2008), 'Towards total integration', *Mint*, 16 June. Available at: [http://www.hindalco.com/media/press\\_reports/index.htm](http://www.hindalco.com/media/press_reports/index.htm)
- Kayam, S. S. (2009), 'Impact of foreign competition on Outward FDI from developing and transition economies,' Available at: [http://www.esam.itu.edu.tr/NottinghamWorkshopPapers/skayam\\_sept09.pdf](http://www.esam.itu.edu.tr/NottinghamWorkshopPapers/skayam_sept09.pdf)
- Kayam, S. S. (2009a), 'Home market determinants of FDI outflows from developing and transition economies,' Paper presented at Econ Anadolu 2009: Anadolu International Conference in Economics, June 17-19, Eskisehir, Turkey. Available at: [http://econ.anadolu.edu.tr/fullpapers/Kayam\\_econanadolu2009.pdf](http://econ.anadolu.edu.tr/fullpapers/Kayam_econanadolu2009.pdf)
- Kiggundu, N. M. (2008), 'A profile of China's Outward Foreign Direct Investment to Africa', *Proceedings of ASSBBS*, 15(1): 130-144. Available at: <http://asbbs.org/files/2008/PDF/K/KiggunduM1.pdf>
- Kolstad, I. and Wiig, A. (2009), 'What Determines Chinese Outward FDI?', *CMi Working Paper 2009:3*, Chr. Michelsen Institute, Norway. Available at: <http://www.cmi.no/publications/file/3332-what-determines-chinese-outward-fdi.pdf>
- Kumar, S. C. (2010), 'Asia sees outward FDI with its growing stake in world economy: ADB', *The Financial Express*, 24 August, Available at: <http://www.financialexpress.com/printer/news/503619>
- Kumar, N. (2009), 'India Inc.'s M&A Spree Will Outlast the Recession', *Bloom Berg – Businessweek*, June 1.
- Kumar, N. and Chdha, A. (2009), 'India's outward foreign direct investments in steel industry in a Chinese comparative perspective', *Industrial and Corporate Change*, 18(2): 249-267.
- Lall, S. (1983), *The New Multinationals: The Spread of Third World Enterprises*, New York: Wiley.
- Lecraw, D. J. (1977), 'Direct investment by firms from less developed countries', *Oxford Economic Papers*, 442-457.
- Masso, J., Varblane, U., and Vahter Priit (2007), 'The impact of outbound FDI on home-country employment in a low-cost transition economy', Order No 144, Tartu, Estonia: Tartu University Press. Available at: <http://www.mtk.ut.ee/orb.aw/class=file/action=preview/id=240700/febawb52.pdf>
- Morck, R., Yeung, B. and Zhao, M. (2007), 'Perspectives on China's Outward Foreign Direct Investment', Available at: <https://www.bschoool.nus.edu.sg/Departments/BussPolicy/BY%20papers/perspectives%20china%20outward%20fdi.pdf>
- Nerurkar, H. M. (2010), 'What's in Store?', *Tata Steel World*, 1 (March): 3-8.
- OECD (2002), *Foreign Direct Investment for Development: Maximising Benefits, Minimising Costs* (Paris: OECD).
- Page, S. and William te Velde, D. (2004), 'Foreign Direct Investment by African Countries', *Papers Prepared for InWent/ UNCTAD Meeting on FDI in Africa*, 22-24 November, UNECA, Addis Ababa. Available at: <http://www.odi.org.uk/resources/download/4688.pdf>

- Pradhan, J. P. and Singh, N. (2008), 'Outward FDI and Knowledge Flows: A Study of the Indian Automotive Sector, *ISID Working Paper 2008/ 10*, Institute for Studies in Industrial Development, New Delhi, India. Available at: <http://isid.org.in/pdf/WP0810.pdf>
- Rajan, R. S. (2005), *FDI, Trade and the Internationalisation of Production in the Asia-Pacific Region: Issues and Policy Conundrums* (Singapore: National University).
- Rajan, R. S. (2009), 'Outward Foreign Direct Investment from India: Trends, Determinants, and Implications, *ISAS Working Paper No. 66*, Institute of South Asian Studies, National University of Singapore.
- Singh, K. (2007), 'Southern Transnationals: The New Kids on the Block?', Available at: <http://www.globalpolitician.com/print.asp?id=2846>
- Singh, L. and Jain, V. (2009), 'Emerging Pattern of India's Outward Foreign Direct Investment Under the Influence of State Policy: A Macro View', *MPRA Paper No. 13458*, Centre for Development Studies, Punjabi University, India. Available at: [http://mpra.ub.unimuenchen.de/13458/1/MPRA\\_paper\\_13458.pdf](http://mpra.ub.unimuenchen.de/13458/1/MPRA_paper_13458.pdf)
- Sinha, A. (2010), 'Tat Steel Expects Vietnam Licence in 3 Months', *Financial Express*, 02 September, p.6.
- Tolentino, P. E. (1993), *Technological Innovations and Third World Multinationals*, London & New York: Routledge.
- UNCTAD (2005), *Case study on Outward Foreign Direct Investment by South African Enterprises*, New York: United Nations. Available at: [http://www.unctad.org/en/docs/c3em26d2a5\\_en.pdf](http://www.unctad.org/en/docs/c3em26d2a5_en.pdf)
- Voss, H., Buckley, P. J. and Cross, A. R. (2008), 'Thirty years of Chinese outward foreign direct investment', Available at: <http://www.ceauk.org.uk/2008-conference-papers/Voss-Buckley-Cross-30-years-outward-FDI.doc>.
- Website A: ZTE Corporation; Available at: [http://www.zte.com.cn/cn/about/corporate\\_information/](http://www.zte.com.cn/cn/about/corporate_information/), [http://www.zte.com.cn/cn/about/investor\\_relations/base\\_information/](http://www.zte.com.cn/cn/about/investor_relations/base_information/)
- Website B: Tata Steel - Group Network; Available at: <http://www.tatasteel.com/global-network.asp>
- Wee, K. H. (2007), 'Outward Foreign Direct Investment by Enterprises from Thailand', *Transnational Corporations*, 16(1): 89-116.
- Wei, W. (2005), "China and India: Any Difference in their FDI Performances?," *Journal of Asian Economics*, Vol.16, pp. 719-736.
- Wells, L.T. (1983), *Third World Multinationals: The Rise of Foreign Investment from Developing Countries*, Cambridge, MA: MIT Press.
- Wu, X., Ding, W. and Shi, Y. (2009), 'Outward Foreign Direct Investment and Technological Capabilities Accumulation: A Case Study,' *Proceedings of the 2009 IEEE/ IEEM*. Available at: <http://ieeexplore.ieee.org/stamp/stamp.jsp?tp=&arnumber=5372994>
- Yang, D. (2003), 'Foreign Direct Investment from Developing Countries: A case study of China's outward investment', *PhD Thesis*, Centre for Strategic Economic Studies, Victoria University Melbourne, Australia. Available at: <http://eprints.vu.edu.au/262/1/262contents.pdf>

- Yeung, H. (ed.) (2000), *The Globalization of Firms from Emerging Economies*, Cheltenham: Edward Elgar.
- Yin R.K. (1981), 'The case study crisis: Some answers,' in *Administrative Science Quarterly*, 26(1): 58-65.
- Yin K. R. (1994), *Case Study Research: design and methods*, London: Sage Publications.
- Zhang, N. (2009), 'Strategic Reflection of "Going Global" from Chinese Petroleum Firms', *China Business Update*, 6(1):56-59.
- Zhao, S. (2007), 'Chinese Outward Foreign Direct Investment: A driving force for further economic development', Department of Economic Sciences, University of Montreal. Available: <https://papyrus.bib.umontreal.ca/jspui/bitstream/1866/2550/1/a1.1g1092.pdf>

**DEVELOPMENT RESEARCH SERIES  
WORKING PAPERS:**

- No. 1: *Olav Jull Sørensen*: Marketing Issues in Peasant Agricultural Development, 55 pp, 1983.
- No. 2: *Hans Gullestrup*: The Ecol-Humanistic Technology - the new Technology as Experiences from the Past, 33 pp, 1983.
- No. 3: *Georg Sørensen*: Transnationals and the Transfer of Technology to the Third World, 31 pp, 1984.
- No. 4: *Georg Sørensen*: International Bureaucracies and Aid: The Political Economic of the 'B-Share', 11 pp, 1984.
- No. 5: *Georg Sørensen*: Notes on Materialism and Boredom - Western Development Ideals, 12 pp, 1984.
- No. 6: *Olav Jull Sørensen*: Marketing Systems and Economic Development. An Institutional-Structural Approach, 41 pp, 1984.
- No. 7: *Georg Sørensen*: How much Poison is Another Man's Meat? - Notes on the Logic of World Systems Analysis, 29 pp, 1984.
- No. 8: *Georg Sørensen*: Peace and Development: Looking for the Right Track, 18 pp, 1984.
- No. 9: *Georg Sørensen*: The Twists and Turns of Development Theory - A Comment on "The European Experience" by Dieter Senghaas. 19 pp, 1984.
- No. 10: *Jacques Hersh & Ellen Brun*: Aspects of Soviet Participation in a Shifting World Economy. 45 pp, 1984.
- No. 11: *Olav Jull Sørensen*: Marketing System Development and Labour Migration: Analysis and Consequences. 41 pp, 1984.
- No. 12: *Georg Sørensen*: How Cold is the Second Cold War? - An Assessment of the Scope of 'the Great Contest'. 23 pp, 1984.
- No. 13: *John E. Kuada*: Agricultural Development in the Third World. 23 pp, 1984.
- No. 14: *Olav Jull Sørensen*: Profiles of Tanzanian Peasants and their Marketing Implications. 52 pp, 1984.
- No. 15: *Jørgen Kristiansen*: Urban Passenger Transport in Developing Countries - Socio-economic Impact and the Choice of Technology. 58 pp, 1985.
- No. 16: *John E. Kuada*: Marketing Systems in a Development Process. 35 pp, 1985.
- No. 17: *Georg Sørensen*: Some Contradictions in a Rich Concept on Development. 14 pp, 1985.
- No. 18: *Olav Jull Sørensen*: Marketing of Agricultural Inputs/Implements and Profiles of Farmers in Kenya: Project Preparations. 47 pp, 1986.
- No. 19: *Georg Sørensen*: Development Through the Eyes of a Child. 17 pp, 1986.
- No. 20: *Georg Sørensen*: International and External Intertwined: 5 Obstacles to Development in India. 20 pp, 1986.
- No. 21: *John E. Kuada*: Macro-Micro Integrated Framework for Market Opportunity Analysis and Project Selection. 14 pp, 1986.
- No. 22: *Olav Jull Sørensen*: Co-operatives: Movement-to-Movement Cooperation. Some Conceptual Views. 15 pp, 1986.
- No. 23: *John E. Kuada*: Financing Rural Food Marketing Systems in Ghana. 16 pp, 1986.
- No. 24: *Hans Gullestrup*: Culture, Cultural Analysis and Cultural Ethics - Or What Divides and What Unites Us? (Out of print) (in Danish). 84 pp, 1987.
- No. 24a: *Hans Gullestrup*: Culture, Cultural Analysis and Cultural Ethics - Or What Divides and What Unites Us? (Second revised edition) (Out of print) (in Danish). 92 pp, 1988.
- No. 25: *John E. Kuada*: Food Marketing in Ghana, the Role of Rural Food Traders. 53 pp, 1988.
- No. 26: *Henrik A. Nielsen*: Monitoring Rural Development in Bangladesh. 22 pp, 1989.
- No. 27: *Hans Gullestrup*: The Ethical Dilemma in the Intercultural Co-operation, or: The Development Aid Worker=s Personal Problem (in Danish). 26 pp, 1991.
- No. 28: *Chaiwoot Chaipan*: Current Issues on Economic Development in East and Southeast Asia. 24 pp, 1991.
- No. 29: *Henrik Nielsen*: Databased Information on Danida-Projects 1962-91: Overview and Analysis of the Daniproj-Database. 55 pp, 1992.
- No. 30: *Hans Gullestrup*: Evaluating Social Consequences of Social Changes in the Third World Countries. 24 pp, 1993.
- No. 31: *Johannes Dragsbaek Schmidt*: In The Shadow of the Pacific Century - Comparative Perspectives on Externalities Influence on Economic Policy-Making in Southeast Asian Would-be NICs. 106 pp, 1993.
- No. 32: *Henrik A. Nielsen*: Local Community Development Around the Bay of Bengal: Context, Crises and Perspectives. 27 pp, 1994.
- No. 33: *Johannes Dragsbaek Schmidt*: Southeast Asian State Responses to a Regionalized World Economy. 21 pp, 1994.
- No. 34: *Johannes Dragsbaek Schmidt*: Semi-autonomy in Economic Policy-making: The Case of Thailand. 28 pp, 1994.

- No. 35: *Johannes Dragsbaek Schmidt*: Increasing Exports in a Decreasing World Market: The Role of Developmental States in the ASEAN-4. 27 pp, 1994.
- No. 36: *Johannes Dragsbaek Schmidt*: State Capacities and Bargaining Strategies in the Global Disorder. 14 pp, 1994.
- No. 37: *Samir Amin*: The Future of Global Polarization. 17 pp, 1994.
- No. 38: *Peter W. Cunningham*: The Re-affirmation of State Socialism. The South African Debate. 17 pp, 1995.
- No. 39: *Andre Gunder Frank*: Nothing New in the East: No New World Order. 28 pp, 1994.
- No. 40: *Johannes Dragsbaek Schmidt*: State Intervention in Southeast Asia. Creating Growth without Welfare. 20 pp, 1994.
- No. 41: *Garry Rodan*: Ideological Convergences Across 'East' and 'West': The New Conservative Offensive. 24 pp, 1995.
- No. 42: *Jacques Hersh*: North Korea: Ideal-Type Anomaly. 18 pp, 1995.
- No. 43: *Research Centre for Development and International Relations (DIR), Johannes Dragsbaek Schmidt et al. (eds.)*: Research Program 1995-1997. Globalization and Social Change - Structures, Systems and Unidisciplinary Research. 74 pp, 1995.
- No. 44: *Feiwei Kupferberg*: Ethno-nationalism, Liberal Democracy and the Psychology of the Post Cold War Era. 19 pp, 1995.
- No. 45: *Feiwei Kupferberg*: Uncertainty, Chaos and Learning: Prolegomenon to a Sociology of Creativity. 27 pp, 1995.
- No. 46: *Feiwei Kupferberg*: Strategic Learning: East Germany as a "Model Case" for Transformation Theory. 26 pp, 1995.
- No. 47: *Li Xing*: China and East Asia vs. The West: Controversies, Clashes and Challenges. 19 pp, 1995.
- No. 48: *Kwang-Yeong Shin*: Democratization and Class Politics in Korea, 1987 - 1993. 20 pp, 1995.
- No. 49: *Joachim Hirsch*: Regulation Theory and its Applicability to Studies on Globalization and Social Change. 12 pp, 1995.
- No. 50: *Ellen Brun*: The New Social Contract: Sustainability from below. 20 pp, 1995.
- No. 51: *Li Xing*: The Dynamics of East Asian Intra-Regional Economic Relations. 22 pp, 1995.
- No. 52: *Kwang-Yeong Shin*: Characteristics of the East Asian Economic System: Authoritarian Capitalism and The Developmental State. 33 pp, 1996.
- No. 53: *Li Xing*: Playing Democracy and Human Rights. The International System and the China-West Case. 17 pp, 1996.
- No. 54: *Jacques Hersh & Johannes Dragsbaek Schmidt*: Dirigisme or Laissez-Faire? - Catching-up Strategies in the Global System After the Demise of Soviet-Style Command Economies. 22 pp, 1996.
- No. 55: *Johannes Dragsbaek Schmidt & Jacques Hersh*: Peace Convergence and Political Legitimacy in Israel and Palestine. 16 pp, 1997.
- No. 56: *David Harvey*: Globalization in Question. 22 pp, 1997.
- No. 57: *Amiya Kumar Bagchi*: In Praise of the Developmental State. 35 pp, 1997.
- No. 58: *Su-Hoon Lee*: The Rise of Environmentalism in South Korea. 31 pp, 1997.
- No. 59: *Mark Beeson & Kanishka Jayasuriya*: The Politics of Regionalism: APEC and the EU in Comparative Perspective. 37 pp, 1997.
- No. 60: *Manfred Bienefeld*: The State and Civil Society: The Political Economy of the ANew Social Policy. 35 pp, 1997.
- No. 61: *Duncan McCargo*: Problematising Democratisation: The Thai Case. 22 pp, 1997.
- No. 62: *Li Xing*: Conceptualizing the Crisis of Socialism: A Gramscian Approach. Some Reflections on the Chinese Socialist Experience. 41 pp, 1998.
- No. 63: *Henrik A. Nielsen*: Decentralising the Monitoring of Development Intervention: From Local Government Impact-Monitoring. 116 pp, 1998.
- No. 64: *Suresh Narayanan*: From Miracle to Realities: The Malaysian Economy in Crisis. 26 pp, 1998.
- No. 65: *Li Xing, Jacques Hersh & Johannes Dragsbaek Schmidt*: The Rise and Fall of East Asian Capitalism: Back to the future? 30 pp, 1998.
- No. 66: *Jan Oberg*: Globalization and Responses by Civil Society to Humanitarian Emergencies. 44 pp, 1998.
- No. 67: *Johannes Dragsbaek Schmidt*: Development Theory and the Crisis of the State. 30 pp, 1998.
- No. 68: *Johannes Dragsbaek Schmidt, Jacques Hersh and Li Xing (eds.) and members of DIR*: Research Program 1998-2000 Globalization and Social Change Interdisciplinary Critical Perspectives. 81 pp, 1998.
- No. 69: *Katarina Tomaševski*: Human Rights in International Development Co-operation: Between Politics and Policy. 69 pp, 1999.
- No. 70: *Mammo Muchie*: Problems of Sub-Saharan Africa's Renewal in the Era of Globalisation. 32 pp, 1999.



- No. 71: *Wolfgang Sachs*: Globalization and Sustainability. 38 pp, 1999.
- No. 72: *Xing Li*: The Market Approach to Industrialization: A Critique of China's Experiment. 37 pp, 1999.
- No. 73: *Bob Jessop*: The State and the Contradictions of the Knowledge-Driven Economy. 37 pp, 1999.
- No. 74: *Bob Jessop*: What follows Fordism? On the Periodization of Capitalism and its Regulation. 36 pp, 1999.
- No. 75: *Mammo Muchie*: Climbing the Value-Added Chain in Leather Manufacture: Lessons from the Indian Case to Enhance Value-Added Leather Processing in Ethiopia and Kenya. 26 pp, 2000.
- No. 76: *Stanislav Menshikov*: Macropolicies to Help Re-Start Economic Growth in Russia. 44 pp, 2000.
- No. 77: *Stanislav Menshikov*: Indicators and Trends of Economic Globalisation. 26 pp, 2000.
- No. 78: *Stanislav Menshikov*: The Role of International Capital Flows: How to Reduce the Vulnerability of the Global Economy. 23 pp, 2000.
- No. 79: *Mammo Muchie*: The Way Africa Entered The Millennium: Trousers and Skirts down or Head High: A Commentary. 19 pp, 2000.
- No. 80: *Manfred Bienefeld*: Globalisation and Social Change: Drowning in the Icy Waters of Commercial Calculation. 48 pp, 2000.
- No. 81: *Mammo Muchie*: From Protest to Sanitation: Critical Reflections on the UN's Discourse of Environmentally friendly Technologies. 24 pp, 2000.
- No. 82: *Jacques Hersh*: Globalization and Regionalization: Two Facets of One Process. 22 pp, 2000.
- No. 83: *Mammo Muchie*: Towards a Theory for Re-framing Pan-Africanism: An Idea Whose Time Has Come. 30 pp, 2000.
- No. 84: *Rajah Rasiah*: From Dragons to Dwarfs: Reexamining Neo-Liberal Explanations of the Southeast Asian Financial Crisis. 23 pp, 2000.
- No. 85: *Jacques Hersh*: The Constraints of World Capitalism in Catching up. 35 pp, 2000.
- No. 86: *Johannes Dragsbaek Schmidt*: Political Business as Usual-Comparing Public-Private Partnerships in East and Southeast Asia. 22 pp, 2000.
- No. 87: *Johannes Dragsbaek Schmidt*: Democratization and Social Welfare in Thailand. 23 pp, 2000.
- No. 88: *Mammo Muchie*: The Uptake of Environmentally Sensitive Innovation in Production in Sub-Saharan Africa. 19 pp, 2000.
- No. 89: *Mammo Muchie*: Imagining Ethiopia Beyond War and Poverty: The two-year war between two strategic allies in the Horn of Africa. 34 pp, 2000.
- No. 90: *Susanne Thorbek*: Beyond Equal Rights. 25 pp, 2000.
- No. 91: *Timothy M. Shaw*: Development Studies at the Start of the New Millennium in South and North. 18 pp, 2000.
- No. 92: *Jane L. Parpart*: Rethinking Participatory Empowerment, gender and development: The PRA Approach. 24 pp, 2000.
- No. 93: *Timothy M. Shaw*: Contemporary Conflicts in Africa: implications for development studies/policies. 36 pp, 2000.
- No. 94: *Andre Gunder Frank*: ReOrient Histography and Social Theory. 41 pp, 2000
- No. 95: *Howard Stein*: The Development of the Developmental State in Africa: A Theoretical Inquiry. 30 pp, 2000.
- No. 96: *Li Xing and Jacques Hersh*: Understanding Capitalism: Crises and Passive Revolutions. 35 pp, 2001.
- No. 97: *Jiang Shixue*: Reflections from Comparative Studies Of the Development Models in Latin America and East Asia. 15 pp, 2001.
- No. 98: *Jiang Shixue*: Sino-Latin American Relations: Retrospect and Prospects. 21 pp, 2001.
- No. 99: *Peter Wad*: Social Development in East Asia: Warfare, Workfare, Welfare? 51 pp, 2001.
- No. 100: *Peadar Kirby*: Is the Irish state developmental? 28 pp, 2001.
- No. 101: *Elmar Altvater*: The Growth Obsession. 28 pp, 2001.
- No. 102: *Berhanu Gutema Balcha*: Food Insecurity in Ethiopia: the Impact of Socio-political Forces. 17 pp, 2001.
- No. 103: *Marianne H. Marchand*: Gendering Globalization in an Era of Transnational Capital: New Cross-border Alliances and Strategies of Resistance in a Post-NAFTA Mexico. 21 pp, 2001.
- No. 104: *Ravindra Kumar*: Gandhi: Non-violence and Indian Democracy. 9 pp, 2002.
- No. 105: *Mammo Muchie*: The New Partnership for African Development (Nepad): A False or a True Start for Shaping Africa's Decolonised Future? 10 pp, 2002.
- No. 106: *Vibeke Andersson*: Indigenous Authority and State Policy: Popular participation in two villages in rural Bolivia. 19 pp, 2002.
- No. 107: *Johannes Dragsbaek Schmidt*: Rethinking the Nexus between Development Theory and IR: From Old Divisions to New Encounters. 23 pp, 2004.
- No. 108: *Louise Takeda*: The Emancipatory Potential of Ecological Economics: A Thermodynamic Perspective on Economics, Space and Sustainability. 95 pp, 2002.

- No. 109: *Johannes Dragsbaek Schmidt*: No Middle Road Capitalism: The Impact of the Uniform Policy-regime in Eastern Europe and East Asia. 23 pp, 2004.
- No. 110: *Johannes Dragsbaek Schmidt*: Confronting Globalization through Social Reform in East and Southeast Asia. 26 pp, 2004.
- No. 111: *Johan Galtung*: A World in Economic Crisis. 33 pp, 2002.
- No. 112: *Kristen Nordhaug*: US Hegemony, Economic Integration and Monetary Regionalism in East Asia. 33 pp, 2002.
- No. 113: *Johannes Dragsbaek Schmidt*: Regionalism in East and Southeast Asia. 23 pp, 2004.
- No. 114: *Rajah Rasiah*: The Competitive Impact of China on Southeast Asia's Labor Markets. 37 pp, 2002.
- No. 115: *Johannes Dragsbaek Schmidt*: Crisis Management in Thailand: The Ambivalence of "New" Keynesian Response. 27 pp, 2003.
- No. 116: *Annette Kanstrup-Jensen*: Constraints on Capability Formation of Indigenous Communities: The Case of Human Development among Akha and Hmong Groups in South East Asia. 22 pp, 2003.
- No. 117: *Li Xing & Mammo Muchie*: Globalization and Social Well-being Alternative Approach to Well-being Attainment and Measurement. 22 pp, 2003.
- No. 118: *Bjørn Møller*: Raising armies in a rough neighbourhood. The Military and Militarism in Southern Africa. 45 pp, 2003.
- No. 119: *Johannes Dragsbaek Schmidt*: Making capitalism work: The dubious dichotomy between welfare and workfare. 24 pp, 2003.
- No. 120: *Bjørn Møller*: African conflicts: Background factors, motives and patterns. 92 pp, 2003.
- No. 121: *Li Xing & Jacques Hersh*: The Genesis of capitalism. 30 pp, 2003.
- No. 122: *Bjørn Møller*: Conflict theory. 68 pp, 2003.
- No. 123: *Johannes Dragsbaek Schmidt*: Reflections on human rights and the new US world disorder. 15 pp, 2004.
- No. 124: *Bjørn Møller*: Aid against terrorism. 19 pp, 2003.
- No. 125: *Timothy Shaw*: Two Africas? Two Ugandas? An African 'Democratic Developmental State'? Or Another 'Failed State'? 24 pp, 2004.
- No. 126: *Jane Parpart*: Gender, Power and Governance in a Globalizing World. 16 pp, 2004.
- No. 127: *Bjørn Møller*: Peace as A Global Public Good. 35 pp, 2004.
- No. 128: *Ananta Kumar Giri*: A Moral Critique of Development: Ethics, Aesthetics and Responsibility. 33 pp, 2004.
- No. 129: *Peadar Kirby*: Is Globalisation Good for Us? Introducing the Concept of Vulnerability. 46 pp, 2004.
- No. 130: *Malee M. Lang*: Management of the Mekong River Basin: Contesting its sustainability from a communication Perspective. 27 pp, 2004.
- No. 131: *Elmar Altvater*: Globalization and the informalization of the urban space. 18 pp, 2004.
- No. 132: *Johannes Dragsbaek Schmidt*: Civil Society at the Crossroads in Southeast Asia. 28 pp, 2004.
- No. 133: *Johannes Dragsbaek Schmidt*: Flexicurity, Casualisation and Informalisation of Global Labour Markets. 24 pp, 2005.
- No. 134: *Ananta Kumar Giri*: Creative Social Research: Rethinking Theories and Methods and the Calling of an Ontological Epistemology of Participation. 43 pp, 2005.
- No. 135: *Bengt-Aake Lundvall*: Nation states, social capital and economic development – a system's approach to knowledge creation and learning. 21 pp, 2006.
- No. 136: *Annette Kanstrup-Jensen*: Indigenous Education and Knowledge – a delegitimised Concept in the Education for All Strategies. 28 pp, 2006.
- No. 137: *Mammo Muchie, Adam Habib and Vishnu Padayachee*: African Integration and civil society: The case of the African Union. 22 pp, 2006.
- No. 138: *Li Xing & Woodrow W. Clark*: Globalization and the Next Economy: A Theoretical and Critical Review. 19 pp, 2007.
- No. 139: *Minga Negash*: Accountability, the APRM State and Traditional Polity: The Case of Ethiopia. 23 pp, 2007.
- No. 140: *Li Jizhen and LI Xing*: Cultural Differences and Process Adaption in International R&D Project Management: The Case of Alcatel-Lucent China Research Technology Center. 19 pp, 2009.
- No. 141: *Paul Popku-Mensah*: China and the International Aid System: Challenges and Opportunities. 16 pp, 2009.
- No. 142: *Jacques Hersh and Johannes Dragsbaek Schmidt*: Food Crisis and the Structure of Trade, 25 pp, 2010.
- No. 143: *Li Xing and Woodrow W. Clark*: Energy Concern in China's Policy-Making Calculation: From Self-reliance, Market-dependence to Green Energy. 20 pp, 2010.
- No. 144: *Shamima Nasrin, Angathevar Baskaran and Mammo Muchie*: A Study of Major Determinants and Hindrances of FDI inflow in Bangladesh. 24pp, 2010.
- No. 145: *Ju Liu, Angathevar Baskaran and Mammo Muchie*: Global Recession and the National System of Innovation in China: 'A Blessing in Disguise'?

- No. 146 *Angathevar Baskaran and Mammo Muchie*: Mitigating Impact of National Systems of Innovation on the Severity of the Global Recession: Comparison of Selected Asian Economies. 44pp, 2010.
- No. 147 *Hao Min*: The Analysis of the Relationship between Clean Technology Transfer and Chinese Intellectual Property Countering the Climate Changes. 17pp, 2011.
- No. 148 *Quynh Tho Nguyen, Angathevar Baskaran, Mammo Muchie and Ngoc Nguyen*: The Nature and Growth of Foreign Direct Investment and its Impact in Vietnam: A National Innovation System Perspective. 35 pp, 2011.
- No. 149 *Angathevar Baskaran, Ju Liu and Mammo Muchie*: Exploring the Outflow of FDI from the Developing Economies: Selected Case Studies. 35 pp, 2011.